

EXHIBIT 3

ADDENDUM NO. 2 TO LICENSE AGREEMENT
BETWEEN ACCOLADE, INC. AND PAUL REICHE III

This Addendum No. 2 ("Addendum") to the License Agreement ("Agreement") entered into October 7, 1988 between Accolade, Inc., a California corporation, with its principal place of business at 5300 Stevens Creek Blvd., San Jose, CA 95129 ("Publisher") and Paul Reiche III, an individual, residing at 1602 Grant Ave., #207, Novato, CA 94947 ("Reiche"), modifies and amends the Agreement in certain respects, and is effective as of February 1, 1995.

RECITALS

WHEREAS, Publisher and Reiche entered into the Agreement to develop three computer software programs for Publisher; and

WHEREAS, Publisher wishes to develop and publish a sequel to Star Control II to be called "Star Control III" for use on the PC CD-ROM, PSX and Saturn systems; and

WHEREAS Reiche agrees to allow Publisher to so develop Star Control III using certain characters created by Reiche in Star Control and Star Control II in exchange for Publisher paying Reiche certain royalties; and

WHEREAS, Publisher and Reiche agree to modify the Agreement accordingly.

NOW, THEREFORE, in consideration of the mutual covenants and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Definitions. Capitalized terms used in this Addendum will have the same definitions set forth in the Agreement.
2. License Grant. Reiche hereby grants Publisher the sole and exclusive license in the Territory to use, modify, duplicate, produce, package, promote, market, display, distribute in any manner, including electronic distribution, license, and sublicense all characters, names, likenesses, characteristics, and other intellectual property rights pertaining to Star Control I and Star Control II in which Reiche has an ownership interest.
3. Product Development Term Expired. Reiche and Publisher acknowledge that the Product Development Term defined in Section 2.1 of the Agreement previously expired, and that the Sequel known as "Star Control III" which is being developed by Publisher pursuant to this Addendum is not subject to Section 3.2 or Section 3.4 of the Agreement.

4. Compensation.

6.1 Advance. Upon signing this Addendum, Publisher shall pay Reiche a sum of \$15,000 as a non-refundable Advance against future royalties payable by Publisher to Reiche pursuant to Section 6.2 below.

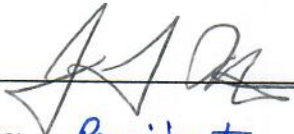
6.2 Royalties. Publisher will pay Reiche per-unit royalties for the sales of the Star Control III Work equal to 3.5% per unit. Publisher will pay Reiche royalties for sales of Star Control III Derivative Products equal to 10% of Net Receipts.

5. Effect, Signatures. Notwithstanding anything to the contrary in Section 12.8 of the Agreement, this Addendum is binding upon the parties and is incorporated into the Agreement. All terms and conditions of the Agreement not in conflict with those terms and conditions contained in this Addendum will remain in full force and effect, and will be applicable to Star Control III as if it were one of the original three programs designated a Work.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date set forth below.

PUBLISHER:

Accolade, Inc.


Title: President

Date: 5-8-95

REICHE:

Paul Reiche III



Date: 5-2-95